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AFGHANISTAN BETWEEN EAST AND WEST

by

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Afghanistan Between East and West presents an excellent and timely analysis of U.S. and Soviet economic relations with Afghanistan; it should prove to be a valuable source book. Especially commendable is the chapter on Afghan foreign trade which provides an interesting evaluation of Afghan trade with the Free World and the USSR. The paucity of reliable Afghan trade statistics has made such analysis difficult in the past.

The following recent information may prove of value in making minor changes in Chapter IV, Financial Aid From the Soviet Union.

1. It is estimated that most of the Soviet credit of \$100 million for economic development has now been obligated for economic projects approved by the Afghan Government. There is no evidence that the Soviet \$100-million credit has been utilized for arms purchases.
2. In an effort to meet complaints about the high cost of some of the previous surveys, the USSR offered in June to make free surveys for the remaining projects which had not already been started. The USSR also offered to make available consumer goods worth \$15 million to be sold in Afghanistan, the proceeds to be used to finance the local currency costs for the Baghlan hydroelectric project. If accepted, these offers would expedite the utilization of unobligated balances remaining under the \$100 million Soviet loan by easing the shortage of Afghan funds available for local financing and lowering the total cost of Soviet sponsored projects.
3. Among projects that have already been agreed upon between the USSR and Afghanistan in addition to those listed in the study, see the construction of the Salang Pass Road and Tunnel and the aerial surveying of northern Afghanistan.
4. In addition to the activities financed by the \$100 million credit, the USSR has provided a credit of \$15 million for the

exploration and development of petroleum resources.

5. The USSR has also offered to aid the Afghan Government in the development of a civil air program by furnishing credit financing for modern aircraft, the construction of airports, and the training of Afghan personnel. There has been no indication to date that Afghanistan will accept this offer, although it presumably remains open.

6. During 1958 it was reported that the total amount of more than \$30 million in credits offered to Afghanistan by the Bloc for arms purchases had been expended. Included in this total is a credit of \$13 million provided under a military aid agreement concluded with the USSR in 1956. The Afghan army is being reorganized, modernized, and expanded under Soviet guidance and assistance.

Inclusion of this information in Table IV-2 Soviet Financial Aid to Afghanistan 1954-1957 would bring the authorized loan total to \$158.8 million, and total disbursement to 37.3 million. Accordingly the following changes in lines 7 and 8, Table IV-2, can be made.

	Estimated Disbursement 6-30-57
Authorized Loan	-----
7. Arms and Ammunition (Soviet Bloc)	30.0 23.00
8. Oil Drilling, Exploration and Transportation Equipment	15.0 --

* Of the \$30 million expended to date, a minimum of \$13 million would have been expended by June 30, 1957.